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# FEDERAL ENERGY REGULATORY COMMISSION

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WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

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Docket No. EL00-75-000

### COMMISSION TAKES ACTION TO AID SUMMER SYSTEM RELIABILITY

The Federal Energy Regulatory Commission today announced a series of steps it is immediately implementing to support the industry's efforts to ensure continued reliability of the nation's electric supply system during the summer's high demand period.

The Commission made clear that, while the law does not give it direct responsibility over electric reliability matters, its policies have always been directed toward ensuring the continued reliability of the electric power system as evidenced by the Commission's ongoing collaborative efforts in development of regional transmission organizations.

Chairman James J. Hoecker said: "Reliability is the third rail of electric restructuring. Those who ignore it, do so at their peril, because American consumers deserve, and will demand, high quality service along with competitive choices. Today, the Commission does what it can to help the industry cope with any difficulties this summer. In the long term, of course, competitive energy markets are the real solution. Washington needs to provide certainty and to expedite the transition to wholesale electricity competition."

Effective immediately, the following steps will be in place through September 30:

- o Adoption of streamlined regulatory procedures to facilitate businesses' use of on-site generation facilities to meet demand during peak use periods. Owners of such facilities will be permitted to sell wholesale power from such facilities to non-affiliates without prior Commission notice.

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- o Facilitate demand side arrangements by waiving prior notice requirements in order for utilities and their customers to expeditiously negotiate arrangements to reduce load requirements at certain times or obtain power from an industrial generator.
- o Eliminate disincentives to demand side transactions by clarifying pricing formulas.
- o Encourage utilities to reassess capacity benefit margins—transmission capacity a utility sets aside from current firm usage—in order to more accurately reflect the amount of transmission capacity available to users of the system.
- o Have Commission staff, including the Commission's Hotline staff, answer inquiries on practical ideas about steps the Commission can take to support the electric industry's efforts with respect to reliability issues.

The Commission is asking for public comment on today's interim measures and other actions it and others could take to assist in maintaining system reliability.

**Comments should be filed by June 2, 2000 for short-term interim measures and June 30, 2000 for longer-term initiatives or actions.** Comments should be filed with the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, DC 20426.